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JEFFERSON PERFORMING ARTS SOCIETY

FINANCIAL REPORT

JUNE 30, 2011 and 2010

JEFFERSON PERFORMING ARTS SOCIETY

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JUNE 30, 2011 and 2010

Reginald A. Bresette, III
Limited Liability Company

Reginald A Bresette, III, CPA

Member
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jefferson Performing Arts Society

I have audited the accompanying statements of financial position of the Jefferson Performing Arts Society (the Company) (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provided a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson Performing Arts Society as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated December 20, 2011, on my consideration of Jefferson Performing Arts Society's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audits.

Reginald A Bresette III, LLC
Certified Public Accountants
December 20, 2011

4408 Yale Street, Suite A • Metairie, Louisiana 70006
(504) 885-9990 • FAX (504) 885-9959 • CELL (504) 874-2438 • E-MAIL reggie@bresetteco com

JEFFERSON PERFORMING ARTS SOCIETY
(a non-profit organization)
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 and 2010

ASSETS

	2011	2010
Current Assets		
Cash and cash equivalents	$ 209,435	$ 381,871
Investments (Note 4)	131,279	109,332
Accounts receivable	47,864	45,203
Prepaid expenses	16,488	31,153
Unconditional promise to give (Note 6)	22,336	32,219
Total Current Assets	427,402	599,778
Assets restricted to investment in property, furniture and equipment at cost, less accumulated depreciation (Note 7)	396,498	298,150
Beneficial interest in remainder trust (Note 8)	73,000	73,000
Long - term unconditional promise to give (Note 6)	38,087	60,423
Total Assets	$ 934,987	$ 1,031,351

LIABILITIES AND NET ASSETS

	2011	2010
Current Liabilities		
Accounts payable	$ 5,974	$ 350
Note payable (Note 9)	5,924	
Unearned revenue (Note 10)	136,883	143,535
Mortgage payable (Note 12)		7,974
Total Current Liabilities	148,781	151,859
Note payable, net of current maturities (Note 9)	5,925	
Total Liabilities	154,706	151,859
Net Assets		
Unrestricted	341,697	457,870
Temporarily restricted by donors (Note 13)	381,334	364,372
Permanently restricted by donors (Note 14)	57,250	57,250
Total Net Assets	780,281	879,492
Total Liabilities and Net Assets	$ 934,987	$ 1,031,351

(See accompanying notes to financial statements)

JEFFERSON PERFORMING ARTS SOCIETY
(a non-profit organization)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 and 2010

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenues and Reclassifications								
Public support								
Contributions	$ 546,108			$ 546,108	$ 364,241			$ 364,241
Grant - Jefferson Parish	100,000			100,000	100,000			100,000
Grant - State of Louisiana	210,000			210,000	225,000	$ 48,142		273,142
Grant - City of Westwego		$ 250,000		250,000		244,413		244,413
Total Public Support	856,108	250,000		1,106,108	689,241	292,555		981,796
Revenues								
Program service revenue	863,697			863,697	712,203			712,203
Investment income (Note 4)	1,338	1,960		3,298	1,195	$ 2,305		3,500
Unrealized gain (loss) on investments (Note 4)		19,713		19,713		3718		3,718
Realized gain (loss) on investments (Note 4)		722		722		381		381
Miscellaneous					2,832			2,832
Total revenue	865,035	22,395		887,430	716,230	6,404		722,634
Reclassifications:								
Net assets released from restrictions (Note 13)								
Expiration of time restrictions	254,985	(254,985)			247,284	(247,284)		
Total Reclassifications	254,985	(254,985)			247,284	(247,284)		
Total Public Support, Revenues and Reclassifications	1,976,128	17,410		1,993,538	1,652,755	51,675		1,704,430

(See accompanying notes to financial statements)

JEFFERSON PERFORMING ARTS SOCIETY
(a non-profit organization)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2011 and 2010

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses								
Program Services (Note 14)	$ 1,716,176			$ 1,716,176	$ 1,418,158			$ 1,418,158
Total Program Services	1,716,176			1,716,176	1,418,158			1,418,158
Supporting Services								
Management and general	252,427	$ 448		252,875	257,300	$ 392		257,692
Fund Raising	123,698			123,698	95,441			95,441
Total Supporting Services	376,125	448		376,573	352,741	392		353,133
Total Expenses	2,092,301	448		2,092,749	1,770,899	392		1,771,291
Increase (Decrease) in Net Assets	(116,173)	16,962		(99,211)	(118,144)	51,283		(66,861)
Net assets at beginning of year	457,870	364,372	$ 57,250	879,492	576,014	313,089	$ 57,250	946,353
Net assets at end of year	$ 341,697	$ 381,334	$ 57,250	$ 780,281	$ 457,870	$ 364,372	$ 57,250	$ 879,492

(See accompanying notes to financial statements)

JEFFERSON PERFORMING ARTS SOCIETY
(a non-profit organization)
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from City of Westwego grant	$ 250,000	$ 244,413
Cash received from Jefferson Parish grant	100,000	100,000
Cash received from State of Louisiana grant	218,767	278,465
Cash collected from contributions and program sponsorship	533 899	772,586
Cash received from program services	857,045	743,858
Investment income received	1,338	1,195
Other cash received		2,832
Salaries	(556,705)	(489,656)
Fringe benefits	(96,523)	(85,978)
Professional fees and contract services	(469,040)	(392,330)
Supplies and materials	(173,613)	(186,564)
Telephone	(24,547)	(27,209)
Postage and shipping	(21,690)	(14,161)
Occupancy	(115,248)	(120,766)
Rental and maintenance of equipment	(179,049)	(136,748)
Printing, publications and visual aids	(26,305)	(27,885)
Travel, conferences, conventions and meetings	(45,477)	(32,600)
Miscellaneous	(66,179)	(50,203)
Interest	(294)	(1,116)
Promotion and advertising	(216,297)	(138,811)
Net cash provided (used) by operating activities	(29,918)	439,322
Cash flows from investing activities:		
Acquisition of fixed assets	(146,392)	(95,534)
Net cash used by investing activities	(146,392)	(95,534)
Cash flows from financing activities:		
Proceeds of credit line advance	58,400	73,000
Payments on mortgage payable	(7,974)	(12,318)
Payments on credit line	(58,400)	(108,066)
Proceeds of note payable	17,772	
Payments on note payable	(5,924)	
Net cash provided (used) by financing activities	3,874	(47,384)
Net increase (decrease) in cash	(172,436)	296,404
Cash - beginning of year	381 871	85,467
Cash - end of year	$ 209,435	$ 381,871

(See accompanying financial statements)

JEFFERSON PARFORMING ARTS SOCIETY
(a non-profit organization)
STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2011 and 2010

	2011	2010
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	$ (99,211)	$ (66,861)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	48,045	45,210
Decrease (increase) net unconditional promises to give	32,219	29,951
Decrease (increase) in receivables	(2,661)	416,720
Decrease (increase) in prepaid expenses	14,665	(10,384)
Increase (decrease) in accounts payable	5,624	(954)
Increase (decrease) in unearned revenue	(6,652)	31,655
Unrealized (gains) losses on investments in endowment	(19,713)	(3,718)
Income earned by endowment	(2,682)	(2,689)
Administration fees in endowment	448	392
Net cash provided (used) by operating activities	$ (29,918)	$ 439,322
Supplemental data:		
Interest paid	$ 772	$ 1,116

(See accompanying notes to financial statements)

JEFFERSON PERFORMING ARTS SOCIETY
(a non-profit organization)
STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2011 and 2010

	2011				2010			
	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUND RAISING	TOTAL	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUND RAISING	TOTAL
Salaries	$ 397,713	$ 73,492	$ 85,500	$ 556,705	$ 351,535	$ 73,492	$ 64,629	$ 489,656
Employee benefits and payroll taxes	68,957	12,742	14,824	96,523	61,726	12,904	11,348	85,978
Total salaries and related expenses	466,670	86,234	100,324	653,228	413,261	86,396	75,977	575,634
Professional fees and contract services	436,169	26,808	20,379	483,356	339,712	23,688	17,592	380,992
Supplies and materials	161,628	17,959		179,587	167,908	18,656		186,564
Telephone	19,638	4,909		24,547	21,767	5,442		27,209
Postage and shipping	21,960			21,960	14,161			14,161
Occupancy	118,598	29,650		148,248	123,013	30,753		153,766
Rental and maintenance of equipment	167,120	11,929		179,049	112,100	24,648		136,748
Printing, publications and visual aids	22,589	3,716		26,305	27,708	177		27,885
Travel, conferences, conventions and meetings	37,018	8,459		45,477	19,129	13,471		32,600
Miscellaneous	47,717	9,276		56,993	40,324	3,474		43,798
Membership dues		5,596		5,596		4,661		4,661
Interest		294		294		1,116		1,116
Volunteer expenses	772			772	2,136			2,136
Promotion and advertising	216,297		2,995	219,292	136,939		1,872	138,811
Depreciation and amortization		48,045		48,045		45,210		45,210
	$ 1,716,176	$ 252,875	$ 123,698	$ 2,092,749	$ 1,418,158	$ 257,692	$ 95,441	$ 1,771,291

(See accompanying notes to financial statements)

JEFFERSON PERFORMING ARTS SOCIETY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 – NATURE OF ACTIVITIES

Jefferson Performing Arts Society (JPAS) (the Company) is one of Louisiana's fastest growing and largest multi-dimensional arts organization. Through numerous associated activities, JPAS offers members of five surrounding parishes in the South Louisiana and Mississippi community an opportunity for cultural enrichment, arts education, and professional entertainment in symphonic and vocal music, theater, dance, and children's programs. JPAS offers the young person as well as the adult an opportunity for personal growth and artistic expression through these activities. JPAS provides the artist as well as the audience the cultural nurturing necessary to create the whole person. Finally, it is the dream of JPAS to serve as the catalyst to construct a major facility from which to present its programs and enhance the quality of life in this community

In the fall of 2004 JPAS expanded its outreach to include the west bank of Jefferson Parish through the management of the new Westwego Performing Arts Theatre and the Westwego Community Center which we have re-named Teatro Wego! Theatre. For the 2011-2012 season JPAS expanded its outreach to include twelve venues in eight cities, five parishes and two states.

ASSOCIATED ACTIVITIES

JPAS Symphony Orchestra
JPAS Chamber Orchestra
JPAS Symphony Chorus
JPAS Children's Chorus and Youth Chorale
JPAS Ballet
Arts Adventure Series
Theatre Kids'
JPAS Theatre Wing
JPAS Broadway Pit Orchestra
JPAS Opera Theater
Leading Ladies Guild
"SWAT" Stage Without a Theatre
Cultural Crossroads
JPAS Summer Musical Theatre Workshops
Jefferson Performing Arts Center
Westwego Performing Arts Theatre
Teatro Wego! Theatre
Arts Partners

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958 (formerly SFAS No 117), *Not-For-Profit Entities*. Under Topic 958, net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Company and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that may or will be met by actions of the Company. These restrictions are considered to expire when payments for restricted purposes are met.

Permanently Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Company.

New Accounting Pronouncements - In June 2009, the Financial Accounting Standards Board ("FASB") issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification (FASB ASC), as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of Topic 105, the Company has updated references to GAAP in its financial statements issued for the year ended June 30, 2010. The adoption of Topic 105 did not impact the Company's financial statements.

FASB ASC 740-10 (formerly, FASB Interpretation No. 48, *Accounting for Uncertain Tax Positions*), provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. Effective July 1, 2009, JPAS adopted the disclosure requirements of this standard. The adoption of the disclosure requirements of this standard had no material effect on the Company's financial statements Tax years ended June 30, 2008 and later remain subject to examination by the taxing authorities.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as in increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents - For purposes of the statement of cash flows, the Company considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Furniture, Equipment, and Leasehold Improvements - All property, furniture, equipment and leasehold improvements are recorded at cost. Furniture and equipment depreciation is computed using different basis over estimated useful lives of 5 to 7 years. Leasehold improvements are depreciated over an estimated useful life of 10 years. The building is depreciated over an estimated useful life of 39 years.

In – Kind Support - JPAS occupies an office at 1118 Clearview Parkway in Metairie, Louisiana under a long-term lease An annual rental of $1 is paid by JPAS. The estimated approximate fair value of the annual rental is $33,000 and it is included in the statement of activities as public support and expenses

JPAS also occupies the auditorium at East Jefferson High School for scheduled performance dates throughout the fiscal year. No rent is paid by JPAS for the long-term agreement that extends to September 1, 2015 No amounts have been recognized in the accompanying statement of activities because no criteria for recognition of such in-kind support has been satisfied under FASB ASC 958. The in-kind support of the Jefferson Parish School Board includes the use of the facility and all costs and expenses associated with the use of the facility by JPAS for any and all events scheduled by it. The amount of the support is not readily determinable on an annual basis.

JPAS also occupies the theatre at the Westwego Performing Arts Center in the City of Westwego for scheduled performance dates throughout the fiscal year. No rent is paid by JPAS for the long-term agreement that extends to September 1, 2015. No amounts have been recognized in the accompanying statement of activities because no criteria for recognition of such in-kind support has been satisfied under FASB ASC 958. The in-kind support of the City of Wetwego includes the use of the facility and all costs and expenses associated with the use of the facility by JPAS for any and all events scheduled by it. The amount of the support is not readily determinable on an annual basis.

Income taxes - The Company is a non-profit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code of 1986, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is exempt from Louisiana income tax under the authority of R.S. 47 121(5).

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments – Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value Fair value is determined using quoted market prices (where available), or if not available, estimated fair values based on quoted market prices of financial instruments with similar characteristics All other investments are carried at the lower of cost or market Recognized gains and losses on investments are reflected in the statement of activities. Dividends and interest income are recorded during the period earned.

The company adopted FASB Accounting Standards Codification Topic 820, Fair Value Measurements (Topic 820). Topic 820 required disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume).

Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and

Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

NOTE 3 – DONATED SERVICES

The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the JPAS program service area.

NOTE 4 – INVESTMENTS

Investments as of June 30, 2011 and 2010 are summarized as follows:

	2011			2010		
	Cost	Fair Value	Carrying Value	Cost	Fair Value	Carrying Value
Endowment Fund Investments	$ 78,316	$ 131,279	$ 131,279	$ 78,316	$ 109,332	$ 109,332

NOTE 4 – INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2011 and 2010

	2011 Unrestricted	2011 Temporarily Restricted	2011 Total	2010 Unrestricted	2010 Temporarily Restricted	2010 Total
Interest and dividends	$ 1,338	$ 1,960	$ 3,298	$ 1,195	$ 2,305	$ 3,500
Realized gains (losses)		722	722		381	381
Unrealized gains (losses)		19,713	19,713		3,718	3,718
Total investment Return	$ 1,338	$ 22,395	$ 23,733	$ 1,195	$ 6,404	$ 7,599

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The company's assets and liabilities recorded at fair value have been categorized based upon fair value hierarchy in accordance with Topic 820. See Note 2 for a description of the company's policies and valuation procedures.

The valuation of the company's assets and liabilities measured at fair value on a recurring basis at June 30, 2011 are as follows:

Morgan Stanley Smith Barney	Level 1	Fair Value
Money markets	$ 5,539	$ 5,539
Common stock		
Domestic	38,698	38,698
Mutual funds	11,806	11,806
Total	$ 56,043	$ 56,043

Greater New Orleans Foundation	Level 1	Level 2	Level 3	Fair Value
Investment in Greater New Orleans Foundation pool	$ 42,955	$ 26,945	$ 5,336	$ 75,236
Total	$ 42,955	$ 26,945	$ 5,336	$ 75,236

NOTE 6 – UNCONDITIONAL PROMISE TO GIVE

JPAS occupies an office at 1118 Clearview Parkway in Metairie, Louisiana An annual rental of $1 is paid by JPAS under a long – term lease. The lease was renewed for ten years effective April 15, 2004. The estimated approximate fair value of the annual rental is $33,000 under the new lease. The lease represents an unconditional promise to give by the Parish of Jefferson to JPAS for the next ten years.

This unconditional promise to give at June 30, 2011 and 2010, is as follows

	2011	2010
Receivable in less than one year	$ 33,000	$ 33,000
Receivable in more than one year	60,390	93,390
Total Unconditional Promise To Give	93,390	126,390
Less discounts to net present value	(32,967)	(42,515)
Net Unconditional Promise To Give	$ 60,423	$ 83,875

JPAS also entered into a services grant contract with the Arts Council of New Orleans under the Louisiana Decentralized Arts Funding Program. The grant contract of $48,142 was awarded of which $39,375 was received during fiscal year June 30, 2010. The unconditional promise to give on this grant is $8,767 at June 30, 2010.

NOTE 7 – PROPERTY, FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Property, furniture, equipment and leasehold improvements at cost, and accumulated depreciation at June 30, 2011 and 2010 are summarized as follows·

	2011	2010
Equipment and furniture	$ 450,725	$ 433,058
Leasehold improvements	85,878	85,878
Land	112,341	112,341
Building	250,734	125,397
	899,678	756,674
Less accumulated depreciation	(503,180)	(458,524)
Net book value	$ 396,498	$ 298,150

NOTE 8– BENEFICIAL INTEREST IN REMAINDER TRUST

JPAS has a one-eighth interest in the NIMS irrevocable trust. The trust owns two pieces of real estate As of June 30, 2011 the net present value of the interest in the trust is $73,000.

NOTE 9 – NOTE PAYABLE

The company has a note payable to Ford Motor Credit for a truck purchase. Interest and principle is payable monthly at a rate of 9%. The outstanding balance is $11,849 as of June 30, 2011

NOTE 10 – UNEARNED REVENUE

A summary of unearned revenue follows:

	2011	2010
Ticket sales for performances and events in the next fiscal year	$ 136,883	$ 143,535

NOTE 11 – LEASE COMMITMENTS

On May 18, 1994, JPAS signed a lease with the Parish of Jefferson for Parish owned property at 1118 Clearview Parkway. The term of the lease is for 10 years commencing on April 15, 1994, with an annual consideration of $1 payable on each anniversary date. The lease was renewed for an additional ten years on April 14, 2004.

JPAS did not occupy these premises until October 1994 Future minimum lease payments under this noncancellable operating lease are as follows

April 15, 2012 through April 14, 2014 $3

NOTE 12 – MORTGAGE PAYABLE

JPAS is the maker of a mortgage note payable in the original amount of $77,022 at 6% per annum interest The mortgage is to be paid in equal monthly installments of $973, which includes principal and interest The note is secured by a first mortgage on the land and building located at 1122 Clearview Parkway As of June 30, 2011, the principal balance of the note has been paid in full.

NOTE 13– TEMPORARY RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. At June 30, 2011 and 2010, temporarily restricted net assets are available for the following purposes or periods:

	2011	2010
Board-designated endowment fund	$ 46,070	$ 46,070
Endowment investment income	27,959	6,012
Jefferson Parish building rental	60,423	83,875
Arts Council Grant (2009–2010)		8,767
City of Westwego Grant (2009 – 2012)	173,882	146,648
Nims Charitable Remainder Trust	73,000	73,000
	$ 381,334	$ 364,372

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2011	2010
Time and purpose restrictions expired on:		
Lease of 1118 Clearview Parkway	$ 23,452	$ 24,625
City of Westwego Grant(2009–2012)	222,766	97,765
City of Westwego Grant (2008-2009)		71,429
Arts Council Grant (2008-2009)		14,090
Arts Council Grant (2009-2010)	8,767	39,375
	$ 254,985	$ 247,284

NOTE 14 - PERMANENT RESTRICTIONS ON ASSETS

Net assets were permanently restricted for the formation of an endowment fund. The purpose of the endowment fund is to provide a perpetual source of money to assure the future growth and health of Jefferson Performing Arts Society. At June 30, 2011 and 2010, permanently restricted net assets totaled $57,250 and $57,250 respectively.

NOTE 15 – ENDOWMENT NET ASSETS

In accordance with the requirements established by the FASB for endowment funds, the Company shall provide information about the net assets of its endowment funds. The company's Board of Directors (the Board) is of the belief they have a strong fiduciary duty to manage the assets of JPAS's endowment in the most prudent manner possible The endowment fund is invested by JPAS with an attempt to grow the fund in order to

NOTE 15 – ENDOWMENT NET ASSETS (CONTINUED)

eventually provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. As such, the board expects spending to be minimal as to allow for growth through investment return.

Net assets of JPAS consist of a temporarily restricted and permanently restricted endowment fund. Temporarily restricted net assets at June 30, 2011 and 2010 consist of board designated endowment funds established for a variety of purposes Permanently restricted net assets at June 30, 2011 and 2010 consist of an endowment fund established for a variety of purposes. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by JPAS indefinitely and income from the fund is to be expended for programs supported by the endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

JPAS has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, JPAS classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by JPAS in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, JPAS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of JPAS, and (7) JPAS's investment policies.

JPAS has adopted investment and spending policies for endowment assets that attempt to grow the fund in order to eventually provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. JPAS seeks to build endowment assets through additional contributions. JPAS has a policy of appropriating for distribution when needed the endowment fund's investment income that is not permanently restricted, and JPAS generally expends the endowment fund's investment income for the programs supported by the endowment. The current spending policy is expected to allow the JPAS's endowment fund to grow as a result of investment returns This is consistent with JPAS's objectives to provide income for its programs supported by the endowment, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts. As such, the board expects spending to be minimal as to allow for growth through investment return.

The composition of endowment net assets as of June 30, 2011 and 2010 are as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor – restricted endowment funds	$ 17,986	$ 57,250	$ 75,236
Board – designated endowment funds	56,043		56,043
Total funds as of June 30, 2011	$ 74,029	$ 57,250	$ 131,279

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor – restricted endowment funds	$ 7,185	$ 57,250	$ 64,435
Board – designated endowment funds	44,897		44,897
Total funds as of June 30, 2010	$ 52,082	$ 57,250	$ 109,332

Changes in endowment net assets as of June 30, 2011 and 2010 are as follows

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, July 1, 2009	$ 46,070	$ 57,250	$ 103,320
Contributions			
Investment income	2,686		2,686
Net appreciation	3,718		3,718
Amounts appropriated for expenditure	(392)		(392)
Endowment net assets, June 30, 2010	52,082	57,250	109,332
Contributions			
Investment income	2,682		2,682
Net appreciation	19,713		19,713
Amounts appropriated for expenditure	(448)		(448)
Endowment net assets, June 30, 2011	$ 74,029	$ 57,250	$ 131,279

NOTE 16 - CREDIT RISK CONCENTRATION AND MAJOR FUNDING SOURCES

JPAS receives grant income from the Parish of Jefferson and the City of Westwego which comprise a significant portion of its revenue.

NOTE 17 - PROGRAM SERVICES

Program services include activities conducted year round with the JPAS Symphony Orchestra, JPAS Children's Chorus and Youth Chorale, Theatre Kids', Arts Adventure Series, Cultural Crossroads, SWAT, JPAS Theatre Wing, JPAS Chamber Orchestra, JPAS Symphony Chorus, JPAS Opera Theatre, JPAS Broadway Pit Orchestra and JPAS Summer Musical Theatre Workshops.

In addition, the above named affiliates and services have been expanded to our new facilities on the west bank of Jefferson Parish – in the Westwego Performing Arts Theatre, Teatro Wego! Theatre and Arts Partner

Also during the year concerts and shows are held for the general public and student population to further their appreciation of the arts in the community. These events are offered as either single or multiple performances.

NOTE 18 - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 19- SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 20, 2011, which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF INDEPENDENT AUDITOR

Reginald A. Bresette, III
Limited Liability Company

Reginald A. Bresette, III, CPA

Member
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
Jefferson Performing Arts Society

I have audited the financial statements of Jefferson Performing Arts Society (the Company) (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued my report there on dated December 20, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting In planning and performing my audit, I considered the Company's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2011-1 and 2011-2

4408 Yale Street, Suite A • Metairie, Louisiana 70006
(504) 885-9990 • FAX (504) 885-9959 • CELL (504) 874-2438 • E-MAIL reggie@bresetteco.com

The Company's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit the Company's response and, accordingly, I express no opinion on it

This report is intended solely for the information and use of management, the Board of Directors, the State of Louisiana, the Legislative Auditor for the State of Louisiana, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statue 24 513, this report is distributed by the Legislative Auditor as a public document.

Reginald A. Bresette, III LLC
Certified Public Accountant

December 20, 2011

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2011

I have audited the financial statements of Jefferson Performing Arts Society (the Company) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 20, 2011. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States. My audit of the financial statements as of June 30, 2011, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weaknesses – None Significant Deficiencies – Yes

Compliance
Compliance Material to Financial Statements – No

Compliance Immaterial to Financial Statements – Yes

2011-1 Findings: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare their annual financial statements. This condition is intentional by management based upon the Company's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports. In this case I do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management's Response. I concur with the audit finding.

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended June 30, 2011

2011-2 Findings. My examination disclosed there is lack of segregation of duties within the organization. This weakness is due to the fact that the organization has a very small staff. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected. Understandably, since the organization has such a small staff, the most ideal system of internal control or the most desirable accounting system may not be practicable. Also the cost of hiring additional employees to handle separate aspects of the accounting function might exceed any benefits gained.

Recommendation: Based upon the cost-benefit of hiring additional accounting personnel, it may not be feasible to achieve complete segregation of duties. I recommend that the organization's finance committee and executive director continue to closely monitor all records and transactions.

Management's Response: I concur with the audit finding

b. Federal Awards

JPAS did not receive federal awards during the year ended June 30, 2011

Section II Financial Statement Findings

There were no financial statement findings during the fiscal year ended June 30, 2011.

Section III Federal Award Findings and Questioned Costs

JPAS did not receive federal awards during the year ended June 30, 2011.

SPECIAL REPORTS OF MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2011

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Internal Control
Material Weaknesses – None Responses – None

Compliance
Compliance Material to Financial Statements – No

Compliance Immaterial to Financial Statements – Yes

2010-1 Findings: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare their annual financial statements This condition is intentional by management based upon the Company's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls

Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary

Management's Response: We concur with the audit finding.

SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

For the Year Ended June 30, 2011

2010-2 Findings: Our examination disclosed there is lack of segregation of duties within the company. This weakness is due to the fact that the company has a very small staff. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected. Understandably, since the company has such a small staff, the most ideal system of internal control or the most desirable accounting system may not be practicable Also the cost of hiring additional employees to handle separate aspects of the accounting function might exceed any benefits gained.

Recommendation: Based upon the cost-benefit of hiring additional accounting personnel, it may not be feasible to achieve complete segregation of duties. We recommend that the organization's finance committee and executive director continue to closely monitor all records and transactions.

Managements Response: The company's executive director and board concur with the recommendation.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

JPAS did not receive federal awards during the year ended June 30, 2010.

SECTION III MANAGEMENT LETTER

There was no management letter issued for the audit year ended June 30, 2010.

MANAGEMENT CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2011

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

JPAS had no material weaknesses or significant deficiencies in internal control. Also, there was no compliance issues material to the financial statements.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

JPAS did not receive federal awards during the year ended June 30, 2010.

SECTION III MANAGEMENT LETTER

There was no management letter issued for the audit year ended June 30, 2010